BUDGET RESOLUTION/VA Funding Increase Paid for with Tax Hike

SUBJECT: Senate Concurrent Budget Resolution for fiscal years 1997-2002 . . . S. Con. Res. 57. Exon amendment No. 3973 to the Exon amendment No. 3965.

ACTION: AMENDMENT REJECTED, 45-53

SYNOPSIS: As reported, S. Con. Res. 57, the Concurrent Budget Resolution for fiscal years 1997-2002, will balance the Federal budget in fiscal year (FY) 2002 by slowing the overall rate of growth in spending over the next 6 years to below the rate of growth in revenue collections. The rate of growth in entitlements such as Medicare, Medicaid, the Aid to Families with Dependent Children program, and the Earned Income Credit will be slowed. No changes will be made to the Social Security program, the spending for which will grow from \$348 billion in FY 1996 to \$467 billion in FY 2002. Defense spending will be essentially frozen at its present level.

The Exon substitute amendment would enact the President's proposed budget. The President's proposal would be for whomever is President in FYs 2001 and 2002 and for whomever is in Congress in those years to eliminate his proposed small child tax credit and to make unspecified, drastic cuts (\$68 billion) in domestic discretionary spending (10 percent in FY 2001 and 18 percent in FY 2002) in order to balance the budget by FY 2002. The proposal would slash defense spending by an additional \$11.3 billion in FY 1997 and would increase domestic discretionary spending in that year as well. Finally, the amendment would extend the solvency of Medicare Part A through a bookkeeping change that would shift \$55 billion in costs from the Part A trust fund to Part B, 75 percent of which is paid for by the taxpayers rather than by Medicare beneficiaries.

The Exon second-degree amendment to the Exon amendment would adjust the functional totals in the Exon amendment to increase the amount spent on function 700 (veterans) by \$13 billion over FYs 1997-2002, and to offset the cost of that increase by directing the Finance Committee to propose an additional \$13 billion increase in revenues, with the intention that the Committee obtain those revenues by cutting corporate tax deductions.

Those favoring the amendment contended:

(See other side)

| YEAS (45) | | | NAYS (53) | | | NOT VOTING (2) | |
|-------------|---|--|--|--|----------------------------|--|-------------------------------------|
| Republicans | Democrats | | Republicans | | Democrats | Republicans | Democrats |
| (0 or 0%) | Akaka Baucus Biden Bingaman Boxer Bradley | or 98%) Hollings Inouye Johnston Kennedy Kerrey Kerry | Abraham Ashcroft Bennett Bond Brown Burns | or 100%) Hutchison Inhofe Jeffords Kassebaum Kempthorne Kyl | (1 or 2%) Pell | Dole- ² | (1) Pryor- ² |
| | Breaux Bryan Bumpers Byrd Conrad Daschle Dodd Dorgan Exon Feingold Feinstein Ford Glenn Graham Harkin | Kenly Kohl Lautenberg Leahy Levin Lieberman Mikulski Moseley-Braun Moynihan Murray Nunn Reid Robb Rockefeller Sarbanes Simon Wellstone Wyden | Campbell Chafee Coats Cochran Cohen Coverdell Craig D'Amato DeWine Domenici Faircloth Frist Gorton Gramm Grams Grassley Gregg Hatch Hatfield Helms | Lott Lugar Mack McCain McConnell Murkowski Nickles Pressler Roth Santorum Shelby Simpson Smith Snowe Specter Stevens Thomas Thompson Thurmond Warner | | EXPLANAT 1—Official 2—Necessar 3—Illness 4—Other SYMBOLS: AY—Annot AN—Annot PY—Paired PN—Paired | nily Absent Inced Yea Inced Nay Yea |

VOTE NO. 115 MAY 16, 1996

Many of us on the Democratic side of the aisle agree with the arguments that our Republican colleagues have made in favor of greater funding for veterans services (see vote No. 116), and we will vote for their amendment to provide that funding after we vote on this amendment, should this amendment be rejected. Basically, the only difference between our colleagues' amendment and this amendment is the funding source. Our colleagues would pay for their amendment by cutting funding for means-tested programs; we would pay for our amendment by cutting corporate welfare. Republicans are always too willing to pay for meritorious spending proposals by cutting services for the most needy people in America. We would much rather make rich corporations pay by cutting tax dodges that their high-priced lobbyists have managed to get slipped into the fine print of the tax code. To an extent, we know that our Republican colleagues agree with us on the need to close such loopholes, because the budget they have proposed notes that additional tax relief could be paid for by "the extension of expired tax provisions of corporate and business tax reform," and because last year the reconciliation bill that they sent to the President contained \$26 billion in savings from corporate and other tax reforms. Again, though, it is a matter of degree--whom do we look to first for payment, the needy or the rich? We say the latter, and thus support the Exon amendment.

Those opposing the amendment contended:

The Exon amendment does show a distinct difference between the two parties: when Democrats want to spend money (which is a lot more often than not), they usually either want to raise taxes or just add the cost to the deficit. They do not see tax reform as an end in itself; they see it as a way of increasing tax collections to pay for more spending. We think that the Federal Government is already much too large. The tax burden is crushing, yet still more is being spent than is collected. The tax code is horribly complex, and it is filled with deductions and credits that are unjustified. For the most part, these deductions and credits were not enacted as special interest giveaways--they were enacted by Congress in order to steer the marketplace in directions that it preferred. Certainly some special interest giveaways exist, and those should be closed. When additional taxes are then collected as a result, the overall tax burden should be reduced on other Americans. One reason that Americans have to pay so much in taxes is that tax loopholes exist. When loopholes are closed, Democrats should not be allowed to get away with spending the resulting revenue; it should be given back to the American people, either in tax reductions now, or by reducing the debt that will be passed on to our children. Our colleagues have noted that last year Republicans passed a bill that closed tax loopholes totalling \$26 billion. We are proud of that fact because those loopholes were closed specifically to pay to cut other taxes that stood in the way of economic growth. On the issue of welfare reform, the same basic difference comes up. Again, Democrats define compassion by how much of the taxpayers' dollars they can spend on people on welfare. We define compassion not by how much we can spend, but by how many people we can move off of welfare and into productive employment. Our Democratic colleagues are correct on one point; the Exon amendment and the Bond amendment show a very clear difference between the two parties. Anyone who thinks that the \$90 billion in new taxes that is in the President's budget is not yet enough, and anyone who thinks that the total tax that the American people should have to pay should be increased in order to have an even larger Government, should vote in favor of the Exon amendment. For our part, we want a smaller, more efficient, results-oriented Government that does not measure success by how much it taxes and spends. We therefore strongly oppose the Exon amendment.